

## **Senate Joint Resolution No. 29**

### **RESOLUTION CHAPTER 80**

Senate Joint Resolution No. 29—Relative to the taxation of film and television productions.

[Filed with Secretary of State June 12, 2002.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

**SJR 29, Murray.** Taxation of film and television productions.

This measure would memorialize the President of the United States and the Congress to enact the Independent Film and Television Production Incentive Act of 2001 to address the problem of economic runaway film and television productions.

WHEREAS, In 2001, the film production industry directly generated 283,000 jobs in California, and is projected to have a \$34.9 billion impact on California's economy; and

WHEREAS, Much of California's recovery during the recession in the early 1990s was attributable to the entertainment production industry due to the fact that during the period from 1992 through 1996, employment in the entertainment production industry rose by 38 percent and generated an additional 62,000 jobs—almost seven times as much growth as in California's economy as a whole; and

WHEREAS, California accounts for 70 percent of the total revenues generated from the motion picture industry and Californians account for 60 percent of the industry's total employment; and

WHEREAS, In 1996, 81 percent of all United States motion picture feature films and 80 percent of all television programs were shot in California; and

WHEREAS, Many of the highest money-grossing productions of all time, including motion pictures such as E.T., Terminator 2, Indiana Jones and the Temple of Doom, Mrs. Doubtfire, and Gone with the Wind were filmed in California, and television programs such as Ally McBeal, The Practice, The West Wing, and The X-Files are filmed in California; and

WHEREAS, "Economic runaway productions" are film or television productions that are developed for initial exhibition or broadcast in the United States, but that are actually filmed in another country to achieve lower production costs; and

WHEREAS, The number of economic runaway film and television productions is persistently growing, as evinced by a 1999 study of



theatrical films, films for television, television miniseries, and 30- and 60-minute television series; and

WHEREAS, This study indicated that out of 1,075 films developed in the United States in 1998, 285 (27 percent) were economic runaway productions—a 185-percent increase from the 100 economic runaway productions made in 1990; and

WHEREAS, This study also indicated that out of 308 films for television developed in the United States in 1998, 139 (45 percent) were economic runaway productions—a 363-percent increase from the 30 economic runaway productions made in 1990; and

WHEREAS, In 1998, economic runaway productions caused economic losses in the United States that are estimated at \$10.3 billion, up from \$2 billion in 1990, and caused a loss of the equivalent of 22,500 full-time jobs; and

WHEREAS, Economic runaway productions may have led to the loss of at least the equivalent of 36,000 full-time jobs in 2001; and

WHEREAS, In 1999, 90 percent of economic runaway productions went to Canada where the government offers federal and provincial tax credits of 22 percent to 46 percent of labor expenses, that result in a reduction in production costs of approximately 10 percent; and

WHEREAS, Two pending federal bills, S. 1278 (Lincoln-D (AR)) and H.R. 3131 (Drier-R (CA)), would enact the Independent Film and Television Production Incentive Act of 2001, to provide a federal income tax credit that equals 25 percent of certain wages paid in the production of films and television programs in the United States, and 35 percent of those wages that are so paid in low income areas ; now, therefore, be it

*Resolved by the Senate and Assembly of the State of California, jointly,* That the Legislature respectfully requests the President and Congress of the United States to enact the Independent Film and Television Production Incentive Act of 2001; and be it further

*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, the Chairperson of the House Committee on Ways and Means, the Chairperson of the Senate Committee on Finance, and each Senator and Representative from California in the Congress of the United States.

